

Message Text

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ACTION EA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 ACDA-19 IO-14 AID-20 COME-00 EB-11 FRB-02

TRSE-00 XMB-07 OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01

SEC-03 AGR-20 DRC-01 /211 W
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R 100140Z DEC 73

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 2151

INFO AMEMBASSY WELLINGTON

C O N F I D E N T I A L CANBERRA 6686

FROM AMBASSADOR GREEN

EO 11652: GDS

TAGS: POL, AS

SUBJ: VIEWS OF DEPUTY OPPOSITION LEADER

1. DEPUTY LEADER OF OPPOSITION LIBERAL PARTY, PHILLIP LYNCH, MADE FOLLOWING OBSERVATIONS DURING LONG CHAT WHEN I CALLED ON HIM RECENTLY:
A. DOMESTIC POLITICS -- NATIONAL ELECTIONS ARE LIKELY TO TAKE PLACE BY NEXT MAY OR JUNE. DESPITE LABOR PARTY'S STRIKING LOSS OF POPULARITY REFLECTED IN OPINION POLLS, AND DESPITE VIRTUAL IMPOSSIBILITY FOR LABOR TO WIN MAJORITY IN SENATE, ELECTIONS WILL PROBABLY BE SPARKED BY PM WHITLAM IN FORM OF DOUBLE DISSOLUTION OF BOTH HOUSES. WHITLAM HAS DEMONSTRATED HIS ABILITY TO OUTMANEUVER OPPOSITION ON POLITICAL ISSUES IN PARLIAMENT AND IS SO CONFIDENT (LYNCH REPEATEDLY USED THE TERM ARROGANT) THAT HE WILL ACT EVEN ON A CONSIDERABLE GAMBLE. IF HE DOES NOT TAKE THIS STEP, OPPOSITION WILL FORCE ELECTIONS BY DENYING GOVERNMENT APPROPRIATIONS
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THROUGH ITS MAJORITY IN UPPER HOUSE. IT IS PROBABLY IN

INTEREST OF OPPOSITION TO HOLD ELECTIONS AT THIS TIME RATHER THAN WAITING UNTIL END OF GOVERNMENT'S THREE-YEAR TERM, SINCE IN LATTER CIRCUMSTANCES WHITLAM WOULD HAVE TIME TO PASS "SWEETENER" BILLS TO SOFTEN UP BUSINESS AND CONSERVATIVE VOTERS JUST BEFORE ELECTIONS.

B. ELECTION ISSUES -- PRINCIPAL ISSUES WILL BE STATE VERSUS FEDERAL POWER, INFLATION, AND ECONOMIC AND SOCIAL POLICY. ALTHOUGH LIBERAL SPOKESMEN WILL CRITICIZE WHITLAM DEFENSE POLICIES AND EROSION OF CLOSE RELATIONS WITH US AND UK, NEITHER FOREIGN POLICY NOR SECURITY ARE ISSUES OF SIGNIFICANT INTEREST TO AUSTRALIAN PUBLIC IN THESE SEEMINGLY COMFORTABLE AND PEACEFUL DAYS.

C. INFLATION -- IF LIBERAL/COUNTRY COALITION REGAINS POWER (AND LYNCH WOULD EXPECT TO BE TREASURER), THEY WOULD PURSUE VIGOROUS ANTI-INFLATION POLICY RELYING LESS UPON MONETARY MEASURES AND MORE UPON STIMULATION OF PRODUCTION, MORE LIBERAL IMMIGRATION TO IMPROVE LABOR AVAILABILITY, AND SHARP REDUCTIONS IN GOVERNMENT SPENDING.

D. FOREIGN INVESTMENT -- LIBERAL PARTY IS ENGAGED IN STUDY ON ITS POSITION TOWARD FOREIGN INVESTMENT. LIBERALS ARE LIKELY TO PROPOSE THAT ALL FOREIGN FIRMS MUST HAVE AT LEAST 50 PERCENT AUSTRALIAN MEMBERSHIP ON BOARDS OF DIRECTORS AND TO INSIST THAT SHARES BE AVAILABLE TO AUSTRALIAN PUBLIC ON LOCAL STOCK MARKETS. IT IS PUZZLING THAT MULTINATIONAL CORPORATIONS HAVE NOT MOUNTED VIGOROUS INSTITUTIONAL ADVERTIZING CAMPAIGN IN THEIR OWN DEFENSE AGAINST PRESENT RAMPANT CRITICISM. (ON REFLECTION, LYNCH AGREED WITH MY OBSERVATION THAT MULTINATIONALS DID NOT WISH TO PROVIDE FURTHER TARGET BY ENTERING INTO PUBLIC CONTROVERSY AND WERE INTENTIONALLY LYING LOW.)

E. PM WHITLAM -- WHITLAM IS A MODERATE BUT COMES UNDER CONSIDERABLE PRESSURE FROM MORE RADICAL MEMBERS OF HIS CABINET. LABOR MINISTER CAMERON IS PARTICULARLY DANGEROUS IN HIS EMOTIONAL OPPOSITION TO PRIVATE ENTERPRISE. WHITLAM IS RESPECTED BUT CORDIALLY DISLIKED BY LABOR AND OPPOSITION PARLIAMENTARIANS ALIKE FOR HIS ARROGANT AND WASPISH STYLE. WHITLAM AND HIS CABINET HAVE GENERALLY MADE SERIOUS MISTAKE IN BUILDING UP CONFIDENTIAL

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LARGE STAFFS OF PERSONAL ADVISORS, IN SOME CASES THROUGH GROSS POLITICAL PATRONAGE, RATHER THAN RELYING UPON PUBLIC SERVICE PROFESSIONALS. THE TENSION BETWEEN LABOR PARTY CABINET AND GENERAL LABOR PARLIAMENTARY CAUCUS IS IMPORTANT ELEMENT IN PRESENT GOVERNMENT. CAUCUS IS PROBABLY A BIT LESS MODERATE THAN CABINET.

2. COMMENT: LYNCH IS AN ATTRACTIVE, YOUNGER (41)

POLITICIAN, A MAN OF OBVIOUS INTELLIGENCE AND APPARENT STRENGTH OF CHARACTER. HIS CREDIBILITY RATING WAS ENHANCED WITH ME WHEN HE SAID THAT HE FRANKLY AGREED WITH WHITLAM ON A NUMBER OF DOMESTIC ISSUES SUCH AS NEED FOR GREATER FEDERAL AUTHORITY TO CONTROL WAGES AND PRICES AND IMPORTANCE OF REDUCING SUBSIDIES TO AGRICULTURE. I FIND HIM CONSIDERABLY MORE IMPRESSIVE THAN OPPOSITION LEADER BILL SNEDDEN. LYNCH, LIKE OTHER PROMISING YOUNGER LIBERAL LEADERS SUCH AS ANDREW PEACOCK AND MALCOLM FRASER, REFRAINS FROM CRITICIZING SNEDDEN BUT THEY ARE OBVIOUSLY ALL AWARE THAT ONE OF OPPOSITION'S PRIMARY HANDICAPS IS ITS LEADER.
GREEN

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